



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Sara L. Hensley

**SUBJECT: SAN JOSE AFTER SCHOOL  
FEES**

**DATE:** 05-24-05

Approved /s/

Date 05/25/05

## **REASON FOR MANAGER'S BUDGET ADDENDUM**

This memorandum is in response to the direction that the "City Manager complete an analysis on impacts to our after-school programs if fees were implemented, including the risks associated with initiating a fee for Level 3 sites only and how this fee proposal would impact state and federal grant requirements."

## **BACKGROUND**

The San José After School Program (SJAS) offers three levels of after school programs defined as follows:

- **Level 1 - Basic Recreation and/or Homework Assistance.** Generally, Level 1 programs are offered one hour a day, at various times two to five times per week, and serve between 25-100 students per day. Currently there are 222 Level 1 programs funded by the Healthy Neighborhoods Venture Fund (HNVF).
- **Level 2 - Safe and Accessible Integrated After School Programs.** Level 2 programs are offered two hours a day, five times a week, serve up to 80 youth per day, and includes Level 1 program elements. Currently, 31 non-grant-matched Level 2 sites are funded by the General Fund at \$796,000.
- **Level 3 - Comprehensive Programs.** Level 3 programming provides comprehensive academic, recreation, nutrition, arts and sports enrichment services at schools where 50% or more of the student population receives free or reduced lunches. Currently, 39 Level 3 sites across the City operate three hours a day, until 6 p.m., five times a week, and serve upwards of 88 students per day, per site. Of those, 19 (49%) are operated by community-based organizations (CBOs), and 20 (51%) are operated by the Parks, Recreation, and Neighborhood Services Department (PRNS). Services are funded by a \$1.5 million grant from the State of California After School Education and Safety Program (ASESP), \$1.3 million from the federal government 21<sup>st</sup> Century Community Learning Center (21<sup>st</sup> CCLC) grants, and \$747,000 from the City General Funds. These programs are offered everyday that school is in session. The program is reimbursable under a State and Federal guidelines, based upon attendance.

## **ANALYSIS**

Staff analyzed the impacts of fees by reviewing local similar programs, assessing lead CBO partners, and discussing this concept with State and Federal program officials. In review of similar programs across the county, a \$25 annual registration fee was an average assessment for school sites that instituted a cost. If instituted at Level 2 sites (with no site or capacity reduction), up to \$62,000 in revenue could be generated (\$25 per child, 80 children average per site, 31 sites). Forty-eight percent of the 31 sites are in low-income communities who would be greatly impacted by a fee increase. Fifty-two percent are in middle-income communities. The revenue generated would not meet the program's portion of General Fund savings target. If instituted at Level 3 sites, an additional \$85,800 could be generated (\$25 per child, 88 children average per site, 39 sites).

Staff presented the fee concept to the CBO partners who manage 49% of the Level 3 programs. All CBO partners did not want to see any additional fees associated with these programs. They stated that adding fees would be a tremendous burden for the families they are serving, and adding fees does not align with program values. If the City instituted a mandatory cost for all programs, the CBOs stated that they would want to collect the \$25 cost per child for the use of their own organizations. Thus, only \$44,000 in fee revenue would be generated to the City's General Fund while the other \$41,800 would be generated by and go to the appropriate CBO collecting the fee if instituted for Level 3 sites.

In discussions with State and Federal program officials, charging for services is allowable in a form of a "materials fee" or "registration fee." While allowable, the grant officials also stated that fees are not viewed positively due to the fact that the families attending these programs are the neediest in the community.

A scholarship program would be ineffective since all Level 3 sites are provided at low-income schools (50% + Free and Reduced Lunch students), and federal and state grant regulations prohibit programs from discriminating due to income. Thus, if a family stated that it couldn't pay, the City would accept that reason without proof due to the grant regulations prohibiting discrimination due to income. Since the majority of families at Level 3 sites are low-income, the potential to waive this fee would be close to 100% if a scholarship program were implemented.

Staff does not recommend instituting a fee for Level 3 services because of the additional financial burden placed on the neediest of families targeted by this program, the opinion of our CBO partners, and the statements of State and Federal grant officials.

/s/

SARA L. HENSLEY  
Director of Parks, Recreation  
and Neighborhood Services